

Message Text

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16

ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00

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R 252053Z JUN 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 6823

INFO AMCONSUL VANCOUVER

AMEMBASSY LONDON

UNCLAS OTTAWA 2395

E.O. 11652: N/A

TAGS: SENV, CA, ENRG

SUBJECT: LOCAL PRESS REPORTS BRITISH TO FINANCE
REFINERY IN B.C.

1. THE LOCAL PRESS HAS GIVEN CONSIDERABLE COVERAGE TO B.C. PREMIER BARRETT'S VISIT TO LONDON WHERE HE IS SEEKING BRITISH ENGINEERING AND FINANCES FOR B.C.'S PROPOSED \$350 MILLION OIL REFINERY. ON JUNE 25 IT WAS REPORTED THAT BARRETT SUCCEEDED IN CONVINCING THE BRITISH GOVERNMENT TO LEND FUNDS AT COMPETITIVE RATES IF BRITISH EQUIPMENT IS USED. IF THIS EQUIPMENT IS COMPETITIVE IN PRICE, DELIVERY DATE AND QUALITY, "WE ARE GIVING BRITAIN FIRST CHANCE TO PROVIDE WHAT WE NEED... FINANCING ASPECTS ARE A CONSIDERATION," SAID PREMIER BARRETT.

2. ONE ARTICLE IN OTTAWA JOURNAL ENTITLED "GAMBLING IN CUT-THROAT GAME --B.C. GROPE FOR NEW REFINERY" RAISES INTERESTING QUESTIONS REGARDING SUPPLY OF CRUDE. IN THE EVENT OF A SHORTAGE OF ALBERTA OIL SUPPLY, REPORT
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CLAIMS THAT "THE B.C. PETROLEUM COMMISSION IS GOING

TO TRY TO GET PREFERENTIAL TREATMENT FOR THE B.C. REFINERY, WITH PRIVATE REFINERIES IN B.C. HAVING TO ABSORB ANY DOMESTIC OIL SHORTAGE." THE ARTICLE GOES ON TO POINT OUT THAT THE PROBLEM IS NOT THAT EASILY RESOLVED AND THAT PLANS ARE TO INCLUDE A SPECIAL HYDRO-CRACKING UNIT THAT WILL ALLOW THE REFINERY TO SWITCH TO ANOTHER OIL IF ALBERTA OIL RUNS SHORT. "IN FACT, THE REFINERY COULD END UP BEING THE ONLY ONE CAPABLE OF PROCESSING ALASKAN OIL." ARTICLE CONCLUDES THAT B.C. "REMAINS A NAIVE, SIMPLISTIC MAVERICK, TRYING TO JOIN THE OIL JUNGLE IT HAS SO LONG OPPOSED," AND MAY WELL HAVE TO END UP TAKING OFFSHORE OIL OR CLOSE DOWN.

2. COMMENT: BARRETT'S EFFORTS IN LONDON RAISE INTERESTING QUESTIONS REGARDING CANADIAN ENVIRONMENTAL CONCERNS IN PUGET SOUND. GOC HAS CONSISTENTLY INDICATED THAT A B.C. REFINERY SHOULD BE NO CAUSE FOR CONCERN SINCE IT WOULD USE ALBERTA OIL, BUT AS PLANS FOR THE REFINERY PROCEED, IT IS EVIDENT THAT CANADIAN ASSURANCES MAY NOT BE AS SOLID AS THEY SEEM.

PORTER

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